



CHAPTER 04

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

General Information

Country of incorporation and domicile

South Africa

Grading of local authority

Msukaligwa Local Municipality is a Grade 8 local authority in terms of item IV of Government Notice R999 of 2 October 2001, published in terms of the Remuneration of Public Office Bearers Act, 1998

Members of the executive committee

BM Vilakazi : Executive Mayor
MS Nkosi : Full Time Councillor
PA Zulu : Full Time Councillor
MMI Zikhali : Councillor
S Marsh : Councillor
JS Bongwe : Councillor

Speaker

Councillor NS Xaba

Ward councillors

Ward 1	FTW Yende
Ward 2	NS Xaba
Ward3	ZS Zwane
Ward 4	BC Sibeko
Ward 5	MJ Mkhonza
Ward 6	TT Malaza
Ward 7	HF Swart
Ward 8	GS Greyling
Ward 9	KJ Makhubu
Ward 10	MJ Blose
Ward 11	BA Maseko
Ward 12	DR Mkombo
Ward 13	S Marsh
Ward 14	BE Nkosi
Ward 15	N Shongwe
Ward 16	BJ Nkosi

Councillors : Proportional

JS Bongwe
L Butter
NL Gininda
NG Mashinini
MJ Mdebele
ZPG Mthimunya
MP Nkosi
MS Nkosi
Z Nkosi
GB Prinsloo
WE Ritson
BM Vilakazi
GA Vilakazi
MS Vilakazi
MM Zikhali
PA Zulu

Registered office

Civic Centre
C/o Church and Taute streets

Postal address

P.O. Box 48
ERMELO
2350

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

General Information

Telephone	(017) 801 3500	
Facsimile	(017) 819 3210	
Bankers	Standard Bank	
Auditors	Auditor-General	
Municipal Manager (Acting)	DV Ngcobo	
Telephone	(017) 801 3753	
E-mail address	dngcobo@msukaligwa.gov.za	
Director Finance (Registered Municipal Accountant (Associate))	HM Boers	
Telephone	(017) 801 3502	
E-mail address	dboers@msukaligwa.gov.za	
Director Corporate Services (Acting)	A Lessing	
Telephone	(017) 801 3648	
E-mail address	alessing@msukaligwa.gov.za	
Director Health & Community Services	CKB Makhanye	
Telephone	(017) 801 3753	
E-mail address	cmakhanye@msukaligwa.gov.za	
Director Public Safety & Security	TV Mkhabela	
Telephone	(017) 801 3708	
E-mail address	tmkhabela@msukaligwa.gov.za	
Director Engineering	ML Dlamini	
Telephone	(017) 801 3749	
E-mail address	ldlamini@msukaligwa.gov.za	
Enquiries	Building Plans	(017) 801 3590
	Electricity	(017) 801 3606
	Water	(017) 801 3592
	Sewerage	(017) 801 3750
	Consumers	(017) 801 3519
Paypoints	Civic Centre	(017) 801 3500
	Thusiville	(017) 801 3738
	Wesselton	(017) 801 3723
	Van Riebeeck str.	(017) 801 3723
	Breyton/Kwazanele	(017) 801 3028
	Chrissiesmeer/Kwachibikulu	(017) 847 0016
	Davel/Kwadela	(017) 629 3035
	Lothair/Silindile	(017) 845 3007

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

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I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Offices Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act

The financial statements set out on pages 4 to 39, which have been prepared on the going concern basis, were approved by the board on 29 September 2009 and were signed on its behalf by:

Mr DV Ngcobo
Municipal Manager (Acting)

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

Statement of Financial Position

Figures in Rand	Note(s)	2009	2008
Assets			
Non-Current Assets			
Property, plant and equipment	3	202,871,357	192,618,563
Investments	5	-	5,000,000
Non - current receivables	8	130,679	73,611
		203,002,036	197,692,174
Current Assets			
Inventories	10	11,135,004	10,291,358
Call investment deposits	11	2,621,964	3,604,065
Consumer debtors	12	44,559,298	40,241,816
Current portion of non - current receivables	8	384,266	435,771
Other debtors	9	6,858,592	7,975,160
Cash and cash equivalents	13	21,420	3,001,665
		65,580,544	65,549,835
Total Assets		268,582,580	263,242,009
Equity and Liabilities			
Equity			
Reserves	14	205,268,406	195,473,683
Accumulated surplus	15	3,295,209	14,505,994
		208,563,615	209,979,677
Liabilities			
Non-Current Liabilities			
Annuity loans	16	3,222,568	1,518,483
Retirement benefit obligation	7	11,672,482	8,590,464
		14,895,050	10,108,947
Current Liabilities			
Current portion of annuity loans	16	1,306,048	715,003
Consumer deposits	4	5,084,377	4,460,018
Creditors	19	21,678,956	21,677,474
Unspent conditional grants & receipts	17	8,761,395	10,694,460
Provisions	18	7,761,961	5,606,430
Bank overdraft	13	531,178	-
		45,123,915	43,153,385
Total Liabilities		60,018,965	53,262,332
Total Equity and Liabilities		268,582,580	263,242,009

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

Statement of Financial Performance

Figures in Rand	Note(s)	2009	2008
Revenue			
Property rates	21.1	31,564,178	28,239,542
Service charges	21.2	97,092,773	84,592,827
Un-earned finance charges	21.3	3,465,930	3,520,704
Government grants and subsidies	21.4	78,125,304	71,198,578
Fines		800,693	533,132
Interest earned	21.5	8,313,426	10,456,233
Rental of facilities and equipment		1,259,814	1,086,596
Licenses and permits		1,935,828	1,913,095
Income for agency services		2,121,057	2,454,994
		224,679,003	203,995,701
Other income			
Other income	21.6	4,374,787	4,591,082
Net gains on disposal of assets		-	823,338
		4,374,787	5,414,420
Operating expenses			
Employee related costs	22	(84,384,657)	(78,094,386)
Bulk purchases	23	(50,016,167)	(35,145,410)
General expenses	25	(29,584,376)	(28,587,341)
Remuneration of councillors	29	(6,531,765)	(5,926,006)
Contracted services		(12,934,210)	(12,339,679)
Collection costs		(882,738)	(469,172)
Repairs and maintenance		(12,495,125)	(10,213,630)
Depreciation, amortisation and impairments		(18,473,192)	(15,654,322)
Provision for doubtful debts		(10,475,910)	(10,147,341)
Provision for leave		(655,531)	(5,257,195)
Contributions to retirement benefit obligation		(3,082,018)	(2,795,040)
		(229,515,689)	(204,629,522)
Operating (deficit) / surplus		(461,899)	4,780,599
Interest paid	24	(621,596)	(325,215)
(Deficit) / surplus for the year		(1,083,495)	4,455,384

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

Statement of Changes in Net Assets

Figures in Rand	Government Grant Reserve	Capitalisation Reserve	Capital Replacement Reserve	Total reserves	Accumulated surplus / (deficit)	Total net assets
Balance at July 1, 2007	122,341,641	62,310,709	1,389,816	185,042,166	19,378,690	205,420,856
Changes in net assets	-	-	-	-	4,455,384	4,455,384
Surplus for the year	-	-	-	-	(4,203,794)	-
Transfer to CRR	-	-	4,203,794	4,203,794	(3,813,070)	-
Property, plant and equipment purchased	-	-	(3,813,070)	(3,813,070)	22,892,521	-
Donated/contributed property, plant and equipment	22,892,521	-	-	22,892,521	-	-
Transfer from accumulated surplus to inventory - Unsold water reserves	(9,987,887)	-	-	-	103,437	103,437
Offsetting of depreciation	-	(3,863,841)	-	(3,863,841)	13,851,728	-
Total changes	12,904,634	(3,863,841)	390,724	9,431,517	(4,872,696)	4,558,821
Opening balance as previously reported	135,246,275	58,446,868	1,780,540	195,473,683	19,155,705	214,629,388
Adjustments	-	-	-	-	(4,649,711)	(4,649,711)
Prior period adjustments	-	-	-	-	-	-
Balance at July 1, 2008 as restated	135,246,275	58,446,868	1,780,540	195,473,683	14,505,994	209,979,677
Changes in net assets	(164,095)	-	-	(164,095)	164,095	-
Correction of error	(164,095)	-	-	(164,095)	164,095	-
Net income (expenses) recognised directly in net assets	-	-	-	-	(1,083,495)	(1,083,495)
Deficit for the year	(164,095)	-	-	(164,095)	(919,400)	(1,083,495)
Total recognised income and expenses for the year	-	-	-	-	(437,806)	(437,806)
Previous year appropriation	-	-	-	-	105,239	105,239
Transfer from accumulated surplus to Inventory - Unsold water reserves	-	-	-	-	7,777,845	-
Transfer to CRR	-	-	7,777,845	7,777,845	(20,099,047)	-
Donated/contributed property, plant and equipment	20,099,047	-	-	20,099,047	3,660,985	-
Property, plant and equipment purchased	-	-	(3,660,985)	(3,660,985)	14,257,089	-
Offsetting of depreciation	(11,149,722)	(3,107,367)	-	(14,257,089)	-	-
Total changes	8,785,230	(3,107,367)	4,116,860	9,794,723	(11,210,785)	(1,416,062)
Balance at June 30, 2009	144,031,505	55,339,501	5,897,400	205,268,406	3,295,209	208,563,615
Note(s)	14	14	14		15	

Msukaligwa Municipality

Financial Statements for the year ended June 30, 2009

Cash Flow Statement

Figures in Rand	Note(s)	2009	2008
Cash flows from operating activities			
Cash receipts from customers		220,195,069	189,664,254
Cash paid to suppliers and employees		(204,029,228)	(170,930,962)
Cash generated from operations	26	16,165,841	18,733,292
Interest paid		(621,596)	(325,215)
Interest received		1,756,391	1,955,548
Net cash from operating activities		17,300,636	20,363,625
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(28,890,078)	(26,705,591)
Proceeds on property, plant and equipment	3	-	1,328,389
Decrease in fixed deposits		5,000,000	5,000,000
(Increase) / Decrease in non-current receivables		(5,564)	139,151
Other non-cash item		164,094	-
Net cash from investing activities		(23,731,548)	(20,238,051)
Cash flows from financing activities			
Increase in consumer deposits		624,359	252,741
New loans raised / (repaid)		2,295,130	(727,871)
Net cash from financing activities		2,919,489	(475,130)
Total cash and cash equivalents movement for the year		(3,511,423)	(349,556)
Cash and cash equivalents at the beginning of the year		3,001,665	3,351,221
Total cash and cash equivalents at end of the year	13	(509,758)	3,001,665